

Message Text

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DRAFTED BY NEA/INS:JNACH:BH

APPROVED BY E:CWROBINSON

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

C O N F I D E N T I A L STATE 183071

EXDIS

E.O. 11652: GDS

TAGS: ENRG, IN, US

SUBJECT: UNDER SECRETARY ROBINSON BRIEFS AMBASSADOR KAUL
ON POSSIBLE PREPCON RESUMPTION

1. UNDER SECRETARY ROBINSON ASKED AMBASSADOR KAUL TO COME
IN ON JULY 29 FOR BRIEFING ON CURRENT STATUS OF EFFORTS
TO RESUME PRODUCER-CONSUMER DIALOGUE AND SPECIFICALLY ON
TENTATIVE PLANNING TO RESUME PREPCON IN PARIS. INDIAN
EMBASSY ECON MIN RAMAKRISHNA AND NEA DEPUTY ASST SEC SOBER
ALSO ATTENDED.

2. ROBINSON BEGAN BY NOTING THAT UNITED STATES HAD BEEN
RETHINKING THE ISSUES RAISED AT APRIL PREPCON. WE HAVE
BEEN REASSESSING OUR IDEAS ON COMMODITIES AND THE CONCERNS
OF THE DEVELOPING NATIONS; (OUR EVOLVING VIEWS HAVE BEEN
ARTICULATED IN PUBLIC STATEMENTS SUCH AS THE SECRETARY'S
MAY 27 SPEECH). WITH REGARD TO RESUMING THE DIALOGUE,
UNITED STATES HAS BEEN ENGAGED IN A SERIES OF BILATERAL
CONTACTS WITH MAJOR CONSUMING COUNTRIES AND WITH OTHER
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MEMBERS OF THE "SEVEN" ON PROBLEMS RAISED AT THE APRIL
SESSION. OUT OF THESE CONSULTATIONS THE FOLLOWING FOUR-
STAGE PROPOSAL HAS EMERGED:

A. THE FRENCH WOULD ISSUE INVITATIONS TO THE TEN NATIONS WHICH ATTENDED THE APRIL PREPCON TO MEET AGAIN, AT OFFICIAL LEVEL, ON OR ABOUT OCTOBER 6 IN PARIS. AT THE PARIS MEETING THE "TEN" WOULD AGREE ON EXPANDING THE GROUP TO 27, CONSISTING OF EIGHT INDUSTRIALIZED NATIONS AND 19 DEVELOPING NATIONS, OF WHICH EIGHT WOULD BE OPEC MEMBERS. EACH GROUP (INDUSTRIALIZED AND DEVELOPING) WOULD SELECT ITS OWN NEW REPRESENTATIVES, ASSURING A PROPERLY REPRESENTATIVE EXPANDED GROUP.

THE "TEN" WOULD AGREE ON CREATION AND GENERAL GUIDELINES (INCLUDING MEMBERSHIP CRITERIA) FOR THREE COMMISSIONS TO DEAL WITH QUESTIONS OF ENERGY, COMMODITIES, AND DEVELOPMENT. EACH COMMISSION WOULD HAVE A MAXIMUM MEMBERSHIP OF 15. COMMISSIONS WOULD HAVE FOUR OR FIVE DEVELOPED COUNTRY MEMBERS AND TEN OR ELEVEN DEVELOPING COUNTRY MEMBERS. (EACH GROUP OF MEMBERS WOULD CHOOSE RESPECTIVE COMMISSION REPRESENTATIVES, BASED ON CRITERIA PREVIOUSLY AGREED BY THE "TEN".)

(FYI: ANY OF THE THREE COMMISSIONS COULD ESTABLISH A SUB-COMMISSION FOR CONSIDERATION OF MONETARY AND FINANCIAL MATTERS RELATED TO ITS SUBJECT AREA. THE GROUP OF TEN WOULD ALSO SELECT THE SITE FOR THE SUBSEQUENT MEETING OF THE TWENTY-SEVEN, PRESUMABLY GENEVA OR PARIS, AND THE CHAIRMAN FOR THAT MEETING, WHICH COULD BE FROM A NEUTRAL COUNTRY, OR A REVOLVING ARRANGEMENT ACCEPTABLE TO THE TEN. END FYI)

B. IN LATE NOVEMBER OR EARLY DECEMBER THE GROUP OF 27 NATIONS WOULD CONVENE FOR A SHORT MEETING, THIS TIME AT THE MINISTERIAL LEVEL. THE PRIMARY OBJECTIVE WOULD BE TO CONFIRM DECISIONS REACHED AT OCTOBER PREPCON AND FORMALLY LAUNCH THE THREE COMMISSIONS.

C. EACH COMMISSION WOULD PROCEED AT ITS OWN PACE AND

DECIDE ITS OWN PROCEDURES, AGENDA, AND NATURE OF CONTACTS
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WITH THE OTHER COMMISSIONS, THE UN, AND OTHER ORGANIZATIONS.

D. THE GROUP OF 27 WOULD RECONVENE AT MINISTERIAL LEVEL TWELVE MONTHS AFTER THE LAUNCHING OF THE COMMISSIONS. THIS SHORT MEETING WOULD BE TO RECEIVE PROGRESS REPORTS FROM COMMISSIONS AND CONSIDER POSSIBLE FURTHER ACTION. (FYI: THE UNDERSTANDING WOULD BE THAT THERE WOULD BE NO SUBSTANTIVE DEBATE AT THIS MEETING. END FYI)

3. UNDER SECRETARY EMPHASIZED THAT WE HAD DEVOTED CONSIDERABLE EFFORT TO WORKING OUT THESE PROPOSALS. WE SAW THEM AS BEING PRACTICAL AND GETTING TO THE NUB OF THE

PROBLEMS. AMBASSADOR KAUL WELCOMED OUR FLEXIBILITY AND INITIATIVE. HOWEVER, WITH REGARD TO THE STRUCTURING OF THE COMMISSIONS, HE EXPRESSED SOME CONCERN INDIA MIGHT NOT HAVE ITS INTERESTS ADEQUATELY REPRESENTED IF, FOR EXAMPLE, IT WERE ON THE DEVELOPMENT COMMISSION (AS A LEADING MSA) BUT NOT ON THE ENERGY COMMISSION. ROBINSON MADE IT CLEAR THAT WE AND OTHERS CONSIDERED FIFTEEN TO BE MAXIMUM ACCEPTABLE NUMBER FOR EACH COMMISSION, BUT REITERATED THAT THE "NINETEEN" WOULD DECIDE DEVELOPING COUNTRY MEMBERSHIP ON THE COMMISSIONS, TAKING INTO ACCOUNT THE CRITERIA AGREED ON BY THE "TEN".

4. FYI: WITH REGARD TO STATUS OF OBSERVERS, BOTH OPEC AND IEA WILL BE INVITED TO SIT BEHIND A SINGLE PLATE LABELED "OBSERVERS" AT THE GROUP OF TEN MEETING, WITH THE UNDERSTANDING THAT NO OBSERVER WILL SPEAK. THERE WILL BE NO OBSERVERS AT THE MEETINGS OF THE GROUP OF TWENTY-SEVEN, BUT BOTH OPEC AND IEA WILL BE INVITED TO PARTICIPATE IN ENERGY COMMISSION MEETINGS WITH THE RIGHT TO SPEAK.

5. ONCE THE TEN HAVE REACHED AGREEMENT ON THE OUTSTANDING ISSUES, THE FRENCH INTEND TO CIRCULATE A LETTER TO THE TEN OUTLINING THE MODALITIES FOR THE RESUMED DIALOGUE, AS OUTLINED ABOVE, REQUESTING FORMAL APPROVAL OF THE PROPOSED SCENARIO. ONCE THIS APPROVAL IS GIVEN, INVITATIONS WILL BE ISSUED TO THE OCTOBER MEETING. END FYI.

6. KAUL INQUIRED WHAT THE EFFECT OF AGREEMENT ON RE-CONFIDENTIAL

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CONVENING PREPCON MIGHT BE ON OPEC AND A POSSIBLE OPEC PRICE INCREASE. ROBINSON REPLIED THAT, IN HIS CONSULTATIONS WITH OPEC COUNTRIES, SOME OF LATTER HAD AT ONE TIME EMPHASIZED THAT IT WAS "ABSOLUTELY ESSENTIAL" THAT PREPCON RECONVENE BEFORE THIS FALL'S UNGA SESSION. IT WAS NOT NOW POSSIBLE TO ARRANGE MEETING THAT SOON, BUT WE HOPED EARLY AGREEMENT ON FIRM DATE TO RESUME PREPCON WOULD HAVE SOME MODERATING EFFECT ON PRICE DECISIONS AT OPEC'S SEPTEMBER MEETING.

7. KAUL AGAIN WELCOMED THIS EXPRESSION OF OUR VIEWS AND SAID HE WOULD REPORT THE UNDER SECRETARY'S REMARKS TO NEW DELHI. INGERSOLL

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